



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 6/5/2000

GAIN Report #AS0019

Australia

Organic Products

2000

Approved by:

Randolph H. Zeitner

U.S. Embassy

Prepared by:

Lindy Crothers

Report Highlights:

The organic food industry in Australia is riding the crest of a wave. Overall, organic food sales rose last year by 30 percent. Most experts put the value of the organic market in Australia at A\$200-250 million. Demand at the moment far exceeds local supply with imports filling the vacuum.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1], AS

SECTION I: SUMMARY

The organic food industry in Australia is riding the crest of a wave according to a major Sydney retailer. The organic food market has been boosted by a number of developments over the last decade or so. The first of these was the establishment of some reliable suppliers in the mid-1980s. Then the recent series of highly publicized food scares greatly increased consumers awareness and interest in food safety. Finally, the debate over genetic engineering has given further impetus to organic food.

Overall, organic food sales rose last year by nearly 30 percent, having spent a decade lagging behind the rest of the world. Although firm numbers for the overall size of the organic market do not exist, most experts put the overall figure at A\$200 to A\$250 million. Coles, one of Australia's largest supermarket chains, has introduced an organic range of 27 fresh fruit and vegetables into ten of its NSW stores in suburbs with a younger demographic - with young families who are more health conscious. This brings Coles' range of organic products up to 200. Woolworths, Australia's largest supermarket chain, has been carrying bio-dynamic milk in its Victorian stores for a couple of years and has recently started carrying it in NSW as well and is also trialing subsections of its fruit and vegetable departments in targeted stores across Australia. Supermarkets have generally been responding to consumer demands and not leading the charge on organic marketing. Most still report problems of obtaining consistent supply at the national level.

Demand at the moment far exceeds local supply. Imports currently fill the vacuum, however local producers are beginning to realize the potential of the organic market. Lines currently being imported include, juice, cereals, polenta, olive oil and baby food.

Advantages	Challenges
U.S. companies are reliable suppliers of high quality, innovative organic products.	Australia has strict quarantine regulations relating to fresh produce - e.g. most fresh produce entering Australia requires chemical treatment which would nullify the organic status.
Best products are processed foods such as juice, cereals and grain products, baby foods, olive oils and sugar.	With the current debate about the possibility of labeling GM foods, local producers are advocating that manufacturers source product locally as Australia does not currently produce GM crops (only BT cotton is approved).
Demand at the moment exceeds local supply as consumers become more aware of the apparent advantages of organic products.	Research projects are currently underway to obtain information to assist traditional farmers switch to organic farming.

Currently there are no specific labeling requirements for organic foods.	Australia has had a set of organic standards since 1992 which have been used to establish credibility for Australian products overseas (EU & Japan).
The manufacturing sector for organic products in Australia is not well developed at this time.	
Consumers are becoming increasingly switched on to organic products as pesticide problems arise and the GM debate continues.	

SECTION II: REGULATIONS AND POLICIES

A national standard for organic and bio-dynamic produce was developed in 1992. This standard has enhanced Australia's reputation as a supplier of certified organic produce. It has formed the basis of negotiations with overseas trading partners such as the EU where Australia was one of the first countries to be recognized in the EU interim list of approved countries in late 1992. Recently, Australia's access to the highly regulated EU market was extended to July 1, 2003.

Australia's National Standard for Organic and Bio-Dynamic Produce is available at the following web site: <http://www.bfa.com.au/frames/national.htm>. The standard includes a section on the requirements for organic products being imported into Australia. There are about a half dozen certifying bodies in Australia.

The Organic Produce Advisory Committee was formed in February 1990 at the request of the Minister for Primary Industries & Energy with the objective to:

- provide advice on the organic produce industry with emphasis on development and control;
- develop national standards and certification procedures for organic produce;
- provide a mechanism through which AQIS can facilitate trade in organically grown produce by providing endorsement of trade descriptions of such produce and negotiating with trading partners on exports;
- protect consumers and enhance the development of the industry through the alignment of import, export and domestic standards and requirements for organic produce.

There are no specific labeling requirements for organic products in Australia at this time. The industry, via the Australian Quarantine & Inspection Service (AQIS) has asked the Australia New Zealand Food Authority (ANZFA) to develop a proposal to control the use of the words organic and bio-dynamic in labeling. ANZFA have responded to AQIS asking for more information before they will proceed with the application. It is expected that ANZFA will consider the application within the next year. One issue to be overcome in the process is the fact the New Zealand does not have a system of government accreditation for organic growers. The Food Standards Code under which the labeling

issue falls, applies to both Australia and New Zealand. The New Zealand organic industry is currently considering moving to a system of government accreditation similar to Australia which would solve this problem.

Australian food law does not permit the use of health or therapeutic claims on food labels.

See the Food and Agriculture Import Regulations and Standards (FAIRS) report for Australia for detailed information on Australia's food standards, labeling requirements, import regulations, etc. This latest version of this report can be viewed/downloaded by conducting a search on the following Internet site: <http://www.fas.usda.gov/scripts/attacherep/default.htm>

The Retail Sector Report (AS9055) and the Exporter Guide (AS9056) for Australia may also be accessed at this site.

SECTION III: CONSUMPTION & MARKET TRENDS

While no specific data is available, reports indicate that the character of the Australian organic market is changing in some fundamental ways. While the 'green' element has always been important, there are now some new players. People who are interested in the best of everything - cars, houses, etc., whatever the product, they're into the best. Many people now believe organic to be of superior quality. One of the strongest selling points for organics in Australia is the perceived environmental benefits. The objective is to sell the sustainability argument as the debate on how to address the concerns about Australia's fragile and low fertility soils gains increasing importance.

In 1996 the value of organic production in Australia was estimated at A\$90 million, of which A\$30 million was sold for export. Currently, the overall market is thought to be in the order of A\$200 million.

Research is currently underway in Australia to develop organic crop and pasture systems and to obtain information needed from certified organic producers to assist conventional producers to convert to organic production but until this happens (switching to organic farming takes three years or more) in large enough quantities to meet demand, the potential for imported products is excellent providing U.S. exporters can meet Australian standards (see Section II). Australia, with about seven million hectares certified as organic, has one of the world's largest areas certified as organic. Almost six million hectares is in certified pasture for the production of organic beef and lamb.

SECTION IV: PROMOTIONAL ACTIVITIES

Trade Shows

There is no specific trade show in Australia for organic products. At this time there is one major food show in Australia, Fine Food - The International Food, Drink & Equipment Exhibition, which is held each year alternating between the cities of Sydney and Melbourne. This show is attended by major buyers and importers from all over the country and the region. Due to the size of Australia and high cost of internal airfares and transport, it is felt that Fine Food is often the most cost-effective opportunity for U.S. companies to introduce product to the Australian market. More information about exhibiting at or attending Fine Food can be obtained by going to the following web site:

<http://www.ausexhibit.com.au/> and following the links to food shows.

SECTION V: POST CONTACTS AND FURTHER INFORMATION

Post Contact

Randolph Zeitner
Agricultural Counselor
U.S. Embassy
APO AP 96549
Tel: +61-2-6214-5854
Fax: +61-2-6273-1656
e-mail: AgCanberra@fas.usda.gov

Industry Information

Organic Federation of Australia
C/- 425 Lygon Street
East Brunswick VIC 3057
Tel: +61-3-9386-6600
Fax: +61-3-9384-1322
e-mail: ofa@netspace.net.au

Mr. Tony Beaver
Australian Food & Beverage Importers Association
181 Drummond Street
Carlton VIC 3053
Tel: +61-3-9639-3644
Fax: +61-3-9639-0638
e-mail: ajb@sprint.com.au